

Louisiana Property and Casualty  
Insurance Commission  
Louisiana Department of Insurance  
P.O. Box 94214  
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www.ldi.state.la.us

Louisiana Property and Casualty  
Insurance Commission  
Monthly Report  
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Commissioner Donelon Orders Insurance Companies to  
Extend Hurricane Katrina/Rita Prescription Deadline

Commissioner of Insurance Jim Donelon issued Directive 199 on July 11th mandating that all companies insuring property in Louisiana extend the period in which a policyholder can file a lawsuit as a result of a Hurricane Katrina or Rita claim from one to two years. Most property and casualty policies in Louisiana limit an insured’s right to file suit to a period of 12 months after the date of loss.

Directive 199 orders insurance companies to file a stipulation with the Department of Insurance by August 1, 2006 stating that any insured with a property and casualty insurance policy in Louisiana shall have until August 30, 2007 to file suit or a legal action with regard to any claim for property damages caused by Hurricane Katrina and until September 25, 2007 for a Hurricane Rita claim.

According to Donelon, Louisiana appears to be the only state in the country with a one year statute of limitations on property damage lawsuits. Commissioner Donelon also pointed out that of the Gulf Coast states hit by Hurricanes Katrina and Rita, Alabama has a six year prescription period, Florida’s is four years, Mississippi’s is three years and the period in Texas is two years.

Commissioner Donelon says he believes it’s only fair that policyholders who are still not able to finalize or even initiate repairs to their hurricane-damaged property be given more time to work out their insurance settlements. “Many people still don’t know the full extent of the damage caused to their insured property by either Hurricane Katrina or Hurricane Rita.” The Commissioner added that many disputed claims are still in the process of being worked out through the Department’s mandatory Hurricane Mediation Program and he doesn’t want to adversely impact the success of that program. The mediation program has an 80% success rate and

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  - ◆ The Louisiana Property and Casualty Insurance Commission was created by the enactment of R.S. 22:15 in the 2001Regular Session of the Louisiana Legislature to review and examine the availability and affordability of property and casualty insurance in the state of Louisiana. The commission will also undertake a comprehensive study and provide oversight and enforcement recommendations of the effectiveness of law enforcement and implementation of programs aimed at enforcement throughout the state of those laws and programs which affect property and casualty insurance rates.
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has allowed the insurance companies to avoid paying an estimated \$50 million in litigation defense costs.

On June 5, Commissioner Donelon asked all Louisiana property and casualty insurers to voluntarily extend the prescriptive period to two years. The Louisiana Citizens Property Insurance Corporation (Citizens) Board of Directors had previously voted to extent the deadline to two years on all policies with a hurricane claim. Today the Department received official notice from four insurers who intend to voluntarily extend the lawsuit deadline to two years. Those companies are:

- (1) Fidelity National Insurance Company;
- (2) American Modern Insurance Group, which includes American Modern Home Insurance Company, American Family Home Insurance Company, American Western Home Insurance Company, American Southern Home Insurance Company and G.U.I.C. Insurance Company;
- (3) Assurant Group, which includes American Security Insurance Company, American Bankers Insurance Company of Florida, Standard Guaranty Insurance Company, American Reliable Insurance Company and Voyager Property and Casualty Insurance Company; and
- (4) Balboa Insurance Group, which includes Meritplan Insurance Company. <sup>1</sup>

Source 1: LDOI

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## Teen Driving Gets Safer

Annually, about 1,000 16-year-old drivers are involved in fatal crashes in the United States, and traffic injury is the leading cause of death among this age group. Graduated driver licensing programs reduce, by an average of 11 percent, the incidence of fatal crashes of 16-year-old drivers according to a study released by Johns Hopkins Bloomberg School of Public Health.<sup>1</sup>

The result of a decade-long trend toward “graduated licensing laws”, which place conditions on young drivers and, in many cases, make them wait until they are at least 17 years old for full driving privileges, is paying off. The more comprehensive the restrictions, the more lives are saved. When states have strong graduated licensing laws, the rate of fatal crashes involving 16-year-old drivers is 18 percent lower, with the strictest versions cutting fatal crashes by 21 percent.

In each state, the graduated drivers licensing program differs. These restrictions are commonly found in some of the existing programs:

- a) A minimum age of 15 1/2 for obtaining a learner permit.
- b) A waiting period after obtaining a learner permit of at least 3 months before applying for an intermediate license.
- c) A minimum of 30 hours of supervised driving.
- d) Minimum age of at least 16 years for obtaining an intermediate state license.
- e) Minimum age of at least 17 years for full licensing.
- f) A nighttime driving restriction.
- g) A restriction on carrying passengers.

Restrictions that are proving to be the most effective are:

- a) Raising the driving age above 16 years old. Data from the Insurance Institute for Highway Safety shows that a single year makes a huge difference, with driving at 16 riskier than at 17, 18 or 19.
- b) Restrictions on driving at night.
- c) Limits on the number of passengers. A teen driver’s risk of dying more than doubles with two or more male passengers on board.
- d) Requiring at least 30 hours of supervised driving to get an unrestricted license.

Most states have at least some restrictions, but the Insurance Institute rates laws in 12 states as marginal or poor. They are Arkansas, Idaho, Kansas, Minnesota, Mississippi, Montana, Nebraska, New Mexico, North Dakota, South Carolina, South Dakota and, ranked last, Arizona.

Source 1: [www.jhsph.edu](http://www.jhsph.edu)